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INDONESIA BACKGROUND

18 January 1953

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I. [REDACTED]

the

Indonesian situation may be moving rapidly to a climax.

[REDACTED]

- III. Ambassador Allison has been told by a former Indonesian minister of foreign affairs that any announcement by the central government on acquisition of Soviet arms, even through Egypt, could be the signal for the declaration of a provisional government. He further stated that the possibility of early receipt of Soviet arms has upset plans of the dissidents to try in the present balance of forces to extract concessions from Djakarta, and the regions now see that if a showdown is not precipitated soon, they would shortly be placed on the defensive. In this connection, the Indonesian arms purchasing mission has just arrived in Prague.
- IV. Ambassador Allison also reports that parliamentary debate on the \$100,000,000 Soviet loan will begin soon, possibly on 18 January. The agreement provides for the influx of Soviet technicians and advisors in several fields of development and could have the same effect as an arms deal. [REDACTED]
- pressure was being applied on Djuanda to resign as the only means of saving the country from further economic chaos and possibly civil war, but indicated that chief of staff Nasution was not cooperating in the application of this pressure.

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